

Message Text

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51

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 COME-00 CIAE-00 INR-07 NSAE-00

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3941

INFO USLO PEKING

LIMITED OFFICIAL USE HONG KONG 2027

E.O. 11652: N/A

TAGS: ENRG, ETRD, CH, US

SUBJ: PRC CONTACT WITH U.S. COMPANY FOR OIL FIELD EQUIPMENT

REF: 1974 PEKING 1633

1. HALLIBURTON REP R.M. JOHNSON INFORMED CONGENOFFS FEBRUARY 25 THAT HALLIBURTON, AT PRC INITIATIVE, HAD SUBMITTED BID TO PEKING ON "OIL FIELD STIMULATION" EQUIPMENT. JOHNSON SAID HALLIBURTON'S EQUIPMENT, BASED ON THE HYDRAULIC FRACTURING SYSTEM, INVOLVES A RELATIVELY INEXPENSIVE (ABOUT \$500,000), MOBILE PROCESS TO STIMULATE OIL EXTRACTION IN SECONDARY RECOVERY EFFORTS (THOUGH IT MAY ALSO BE USED TO IMPROVE OIL FLOW FROM NEW WELLS). HALLIBURTON'S OFFER COULD INCLUDE TRAINING, WHICH COULD BE CONDUCTED IN THE U.S. OR ON SITE. UNLESS THE PRC AGREED TO ACCEPT EQUIPMENT ALREADY IN USE ELSEWHERE OR UNLESS HALLIBURTON DIVERTED EQUIPMENT, DELIVERY WOULD TAKE AT LEAST A YEAR FROM DATE OF THE ORDER.

1. JOHNSON ALSO SAID A PRC DELEGATION (HE THOUGHT FROM WASHINGTON), HAD VISITED HALLIBURTON'S DALLAS HEADQUARTERS SOMETIME IN 1974 TO LOOK AT HALLIBURTON EQUIPMENT AND TECHNOLOGY.

3. PRC INTEREST IN HALLIBURTON'S HYDRAULIC FRACTURING EQUIPMENT POINTS UP ITS BROAD-BASED PROGRAM TO
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EXPAND OIL PRODUCTION BY GETTING THE MOST OUT OF ITS

EXISTING FIELDS AS WELL AS EXPLORING FOR AND DEVELOPING NEW OIL AREAS. (SEE REFTEL FOR A REPORT OF PRC DISCUSSIONS WITH BAKER TRADING COMPANY AND BYRON JACKSON, INC., ON RELATED EQUIPMENT AND PROCESSES.) IN THIS CONNECTION, WE NOTE NCNA (DECEMBER 15, 1974) REPORTED THAT TACHING HAD MET ITS 1974 TARGET FOR "FRACTURING OPERATION UNDER PRESSURE" AHEAD OF SCHEDULE. AND IN AN OLD ZONE, AFTER USING "WATER INJECTION" METHODS "AVERAGE OUTPUT FROM EACH WELL EXCEEDED THAT IN THE EARLY DAYS OF EXTRACTION".

4. THE ABOVE INFORMATION REGARDING HALLIBURTON SHOULD BE TREATED AS COMMERCIALY SENSITIVE.
CROSS

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Message Attributes

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